

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05
SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
OMB-01 /101 W

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R 291616Z JUN 77
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 0582
INFO ALL EC CAPITALS
USMISSION GENEVA

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USEEC

GENEVA FOR MTN
PARIS ALSO FOR OECD

E.O.11652: N/A
TAGS: EEC, EIND, ETRD
SUBJECT: COMMISSION APPRAISAL OF DAVIGNON PLAN

1. ACCORDING TO EC COMMISSION STEEL OFFICIALS, THE FIRST SIX MONTHS HAVE PROVEN THE DAVIGNON PLAN FOR THE STEEL INDUSTRY TO BE RATHER SUCCESSFUL. STAFF OFFICIALS SAY THAT THE DELIVERY TARGETS IN EFFECT SINCE JANUARY AND THE PRICE MEASURES IN EFFECT SINCE MAY (OBLIGATORY FOR REINFORCING BARS, REFERENCE PRICES FOR OTHER MAJOR CATEGORIES) HAVE STABILIZED THE MARKET FOR THESE PRODUCTS ALTHOUGH NOT YET ALLOWING ANY REAL RECOVERY.

2. MINIMUM PRICES FOR REINFORCING BARS APPEAR TO
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HAVE MET THE EXPECTED RESISTANCE FROM BRESCIAN PRODUCERS BUT THE COMMISSION SAYS THIS HAS ONLY HAD MARGINAL EFFECT ON GENERAL PRICE LEVELS FOR BARS. MOREOVER, IT HOPES THAT INVESTIGATION TEAMS CURRENTLY CHECKING THE PRICE OF REINFORCING BARS WILL HAVE A PSYCHOLOGICAL EFFECT ON THIS RENEGADE PRICING.

3. FOR THE OTHER CATEGORIES, WHICH ARE SUBJECT TO REFERENCE PRICES, COMPLIANCE HAS BEEN GOOD WITH THE EXCEPTION OF MERCHANT BARS WHICH ARE ALSO PRODUCED BY THE BRESCIANI.

4. THE COMMISSION NOW PLANS TO INCREASE THIRD AND FOURTH QUARTER TARGET PRICES FOR COLD ROLLED SHEET--5 PERCENT; NON-STRIP SHEET--12.5 PERCENT; QUARTO SHEET--14.5 PERCENT; MERCHANT STEELS--5 PERCENT; AND GIRDERS--2.5 PERCENT. THE REFERENCE PRICE FOR WIRE ROD WILL REMAIN UNCHANGED.

5. IN ADDITION, THE COMMISSION HAS DECIDED TO ESTABLISH REFERENCE PRICES FOR TWO NEW CATEGORIES, HOT ROLLED COILS AND HOT ROLLED NARROW STRIP.

6. COMMISSION STAFF OFFICIALS DENIED THERE IS ANY THOUGHT AT PRESENT TO EXTENDING OBLIGATORY MINIMUM PRICES BEYOND REINFORCING BARS. MORRIS

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: STEEL, REPORTS, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition Reason:
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TAGS: EIND, ETRD, EEC
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